

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 12092 171250Z
ACTION EB-08

INFO OCT-01 EA-10 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 /111 W
-----057212 172204Z /64

R 170945Z JUL 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 8632

LIMITED OFFICIAL USE MANILA 12092

E.O. 11652: N/A
TAGS: ETRD, EIND, RP, US
SUBJ: TRIGGER PRICE MECHANISM: SPECIAL FOREIGN
INDUSTRY QUESTIONNAIRE

REF: STATE 157105

1. SUMMARY. PHILIPPINE STEEL INDUSTRY, STILL IN EARLY
STAGE OF DEVELOPMENT, EXPORTS ONLY SMALL AMOUNT OF
FINISHED STEEL TO U.S. LITTLE DATA ON INDUSTRY IS
AVAILABLE, DUE TO SECRECY OF FIRMS AND RELATIVE LACK OF
SOPHISTICATION OF SECTOR. FOR THESE REASONS, EMBASSY
CANNOT SUPPLY INFORMATION REQUESTED IN REFTTEL, BUT WILL
CONTINUE TO MONITOR STEEL INDUSTRY. END SUMMARY.

2. PHILIPPINE STEEL INDUSTRY, STILL IN RELATIVELY EARLY
STAGE OF DEVELOPMENT AND PROTECTED BY TARIFF BARRIERS,
IS PLAGUED BY HIGH COSTS, INADEQUATE SUPPLY OF RAW
MATERIALS AND IS OPERATING AT LOW CAPACITY. INDUSTRY
MADE UP OF SOME FORTY-SIX STEEL COMPANIES, THOUGH ONLY
HANDFUL ARE MAJOR PRODUCERS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 12092 171250Z

3. PHILIPPINE STEEL INDUSTRY RELIES HEAVILY ON IMPORTS
OF BILLETS AND SLABS FOR THEIR FINISHED PRODUCTS. SMALL
AMOUNT OF RAW STEEL THAT IS PRODUCED HERE, USING
ELECTRIC ARC METHOD, GOES ONLY TO BAR, ROD AND WIRE
PRODUCTS. FLAT PRODUCTS RELY 100 PCT ON IMPORTS OF SLABS
AND HOT-ROLLED COILS. THE FORMER ARE IMPORTED FROM
AUSTRALIA AND THE LATTER FROM JAPAN. PLANS FOR INTEGRATED

STEEL MILL HAVE BEEN IN WORKS FOR SOME TIME BUT PROBABLY WILL NOT COME TO FRUITION FOR SEVERAL YEARS.

4. ONLY ONE PRODUCER, NATIONAL STEEL CORPORATION, EXPORTS TO UNITED STATES. BECAUSE OF RECENT SLAB SUPPLY PROBLEM, EXPORTS TO U.S. IN PAST YEARS HAVE BEEN INSIGNIFICANT, MADE UP FOR MOST PART OF COLD-ROLLED COILS. ACCORDING TO NSC STATISTICS, 1800 METRIC TONS OF STEEL PRODUCTS WERE EXPORTED TO U.S. IN 1976, AND 12739 METRIC TONS IN 1977. TRIGGER PRICE MECHANISM (TPM) HAS KNOCKED OUT NSC'S EXPORTS TO EAST COAST AND GREAT LAKES, BUT THEY STILL SELL TO WEST COAST THROUGH U.S. AGENT, BALFOUR, GUTHRIES CO. OF LONG BEACH, CALIFORNIA.

5. NSC OFFICIALS ADMIT THAT SOMETIMES TPM, AT WHICH THEY SELL, COMES VERY CLOSE TO THEIR COST, DEPENDING ON AVAILABILITY AND PRICE OF RAW MATERIALS AND OPERATING CAPACITY. GIVEN LIMITED DOMESTIC MARKET, EXPORTS ARE PROBABLY MADE TO UTILIZE OTHERWISE UNUSED CAPACITY, MORE THAN TURNING A GOOD PROFIT. ALSO EXPORTS TO U.S. ARE PREFERRED BECAUSE OF QUICKER PAYMENTS, INCREASING EFFECTIVE PRICE OF PRODUCT. NSC PRESIDENT EXPECTS EXPORTS TO U.S. WILL INCREASE THIS YEAR NOW THAT SUPPLY PROBLEM HAS BEEN ALLEVIATED.

6. BECAUSE OF INDUSTRY'S YOUTH, DATA GATHERING ACTI-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANILA 12092 171250Z

VITIES ARE LIMITED. GOVERNMENT OFFICIALS INCHARGE OF METALS INDUSTRY LAMENTED TO EMBOFF THAT INDUSTRY DATA, EVEN PRODUCTION INFORMATION, WAS DIFFICULT TO OBTAIN FROM COMPANIES. SECRECY DUE IN PART, HE CLAIMED, TO WIDE-SPREAD PRACTICE OF REBATES. AT PRESENT NO GOVERNMENT AGENCY OR PRIVATE INDUSTRIAL ORGANIZATION HAS THE KIND OF DETAILED AND UP-TO-DATE INFORMATION REQUESTED IN REFTEL. COMPANIES THEMSELVES ARE PARTICULARLY SENSITIVE ABOUT REVEALING SUCH INFORMATION, ESPECIALLY WHEN THE PURPOSE OF REQUEST HAS NO DIRECT BEARING ON THEM (WITH EXCEPTION OF NSC). OFFICIALS AT NSC ALSO EXPRESSED RELUCTANCE TO GIVE SUCH INFORMATION, PARTICULARLY PRICE AND COST DATA. NSC OFFICIALS PROBABLY FEEL TPM PLACES DEVELOPING COUNTRIES AT DISADVANTAGEAS A NEW AND UNTESTED SUPPLIER.

7. PROJECT PRESENTED TO US IN REFTEL WOULD REQUIRE CONSIDERABLE RESOURCES IN VIEW OF THE DIFFICULTIES OF DATA COLLECTION. ADDED TO THIS CIRCUMSTANCES IS THE FACT THAT THE POSITION OF COMMERCIAL OFFICER RESPONSIBLE FOR THE STEEL INDUSTRY HAS BEEN ABOLISHED AND VACANT SINCE JUNE. FINALLY,THE OBJECT OF THE PROJECT REFERS

TO ONLY ONE EXPORTER, THE NATIONAL STEEL CORPORATION,
WHICH HAS EXPORTED ONLY INSIGNIFICANT AMOUNTS.

8. IN VIEW OF THE ABOVE CIRCUMSTANCES, OUR DIMUNITION
OF RESOURCES, AND OTHER HIGHER PRIORITY TASKS, WE
CANNOT UNDERTAKE THE PROJECT AS OUTLINED IN REFTEL.
EMBASSY WILL, HOWEVER, CONTINUE TO MONITOR PROGRESS OF
NSC PRODUCTION AND EXPORTS, AND REPORT WHENEVER
DEVELOPMENTS WARRANT. MURPHY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRY, STEEL, PRICE DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 17 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA12092
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780293-0550
Format: TEL
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780753/aaaabsed.tel
Line Count: 124
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3fec7f72-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 157105
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1987428
Secure: OPEN
Status: NATIVE
Subject: TRIGGER PRICE MECHANISM: SPECIAL FOREIGN INDUSTRY QUESTIONNAIRE
TAGS: ETRD, EIND, RP, US
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/3fec7f72-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014